

CITY COUNCIL MEETING

March 7, 2016
6:07 P.M.
Newport, Oregon

ROLL CALL

The Newport City Council, and the City Council acting as the Local Contract Review Board, met on the above date in the Council Chambers of the Newport City Hall. On roll call, Allen, Engler, Busby, Roumagoux, Swanson, Saelens, and Sawyer were present.

Staff in attendance were: Spencer Nebel, City Manager, Peggy Hawker, City Recorder/Special Projects Director, Steven Rich, City Attorney, Derrick Tokos, Community Development Director, Mike Murzynsky, Finance Director, Mark Miranda, Police Chief, Rob Murphy, Fire Chief, and Jim Protiva, Parks and Recreation Director.

PLEDGE OF ALLEGIANCE

Members of the City Council, audience, and staff participated in the Pledge of Allegiance.

CONSENT CALENDAR

The consent calendar consisted of the following items:

- A. Approval of minutes of the City Council work session and regular meeting of February 16, 2016.

MOTION was made by Busby, seconded by Engler, to approve the consent calendar with the changes to the minutes as noted by Allen. The motion carried unanimously in a voice vote.

PUBLIC HEARINGS

Consideration and Possible Adoption of Resolution No. 3740, a Resolution Providing for a Supplemental Budget and Making Appropriation/Total Requirement Changes for the 2015/2016 Fiscal Year. Hawker introduced the agenda item. Nebel reported that Resolution No. 3740 makes certain changes to the budget to address unforeseen circumstances that occurred during the course of the fiscal year. He stated that the supplemental budget transfers monies that were set aside for salary and wage adjustments in a contingency line item to the appropriate expenses. He noted that the adjustments recognize \$127,835 in revenue that was received by the city to offset expenses for fire personnel participation in conflagration events last summer. He added that the Airport Fund is adjusted to address slide damage that was repaired as part of an emergency declaration by the City Council. He stated that the Parks and Recreation Fund is recognizing unanticipated revenues and expenses for a middle school

basketball project. He added that the capital projects are being adjusted to reflect the audited expenditures that occurred in the previous fiscal year for projects continued in the current fiscal year. He noted that project expenditures were estimated in April in order to complete the budget process, and that this amendment will adjust those projects based on the actual expenses incurred through June 30 for those projects.

Nebel reported that an error was discovered on the breakdown of the proposed supplemental budget after publication. He stated that it is appropriate for Council to correct this error at time it adopts the resolution. He added that the error related to the Capitol Projects - General Fund resources and the additional removal of AIP 22 RW 34. He stated that since this is a reduction in expenditures, it does not require further public notice. He added that these numbers should be adjusted as indicated in the revised summary when the supplemental budget is adopted.

Recommendation:

Roumagoux opened the public hearing at 6:47 P.M. She called for public comment. There was none. She closed the public hearing at 6:48 P.M. for Council deliberation.

MOTION was made by Engler, seconded by Sawyer, to adopt Resolution No. 3740 with Attachment A, as revised, a resolution providing for a supplemental budget and making appropriation/total requirement changes for the Fiscal Year 2015-2016, with a correction from the published resolution to Capital Projects - General Fund Budget Amendment recognizing revised FAA-Airport revenues of \$1,270,101 and deleting the AIP RW 34 Runway Rehabilitation project for \$990,933. The motion carried unanimously in a voice vote.

COMMUNICATIONS

From the Surfrider Foundation Regarding Bacteria Testing in the Nye Beach Storm Sewer Basin. Hawker introduced the agenda item. Nebel reported the Surfrider Foundation will present findings related to bacteria testing in the Nye Beach Storm Sewer Basin as well as the results of the “Blue Water Scholar” student intern, Leland Wood, who conducted a six-week program to test certain points upstream from the Nye Beach Storm Water Basin. He stated that the Surfrider Foundation has worked closely with the Public Works Department and the Oregon Coast Aquarium on this effort.

Teresa Mealy, Youth Programs Coordinator at the Oregon Coast Aquarium, introduced Leland Wood, youth volunteer, and Frank DiFilippis, volunteer with the Surfrider Foundation water quality project. She noted that Charlie Plybon, representing Surfrider Foundation would arrive soon.

Wood reported that he is a junior at Newport High School. He described his background, and noted that he began working with water quality and Mealy at the Aquarium. He added that the city approached the Surfrider Foundation about the water quality project, and that Surfrider believed that it would be a good youth project. He stated that the project objective was to investigate possible sources of harmful bacteria in the city’s storm drainage system through testing for Enterococcus. He made a brief PowerPoint presentation that reviewed the testing; the testing sites; sample collection of water; results/analysis; total results; map of sample sites; site comparison; site and day averages; weather comparison; and correlation with rain patterns. He reported that he gained work experience, possible scholarships, potential career experience, possible school credit, community betterment, and had fun in the process.

Mealy discussed possible next steps and noted that the Surfrider Foundation is reaching out to more students, including Portland State University graduate students.

Allen asked what Public Works Director Gross thinks of this work, and Nebel reported that Gross thought this was great progress until the record breaking rains of December. He noted that there will be a lot of ongoing activity in an attempt to determine what is going on with this issue.

Charlie Plybon, Oregon Policy Manager for the Surfrider Foundation, made a PowerPoint presentation regarding the Blue Water Task Force. The presentation covered volunteer water quality monitoring; education; advocacy; the testing of marine beaches and freshwater sources for the Enterococcus bacteria; using IDEXX Quantitray Sealers; the Newport model of operation; the collection of weekly samples and the communication of data; the lab located at the Oregon Coast Aquarium which is part of the partnership with the Youth Volunteer Program; analyzing samples; engaging youth volunteers; operation of the lab; and financial impact of the volunteer work.

From the Northwest National Marine Renewable Energy Center (NNMREC), Dr. Belinda Batten and Dan Hellin, Report on Pacific Marine Energy Center - Wave Energy Test Sites. Hawker introduced the agenda item. Nebel reported that Dr. Belinda Batten Director of the Northwest NNMREC at Oregon State University, and Kaety Jacobsen, will be giving a presentation on the Pacific Marine Energy Center - Wave Energy Test Sites off the coast of Newport. He stated that NNMREC's mission is to facilitate the commercialization of marine energy technology, and this effort puts Newport at the forefront of wave energy research and development.

Batten and Jacobsen make a PowerPoint presentation reviewing the work of NNMREC and PMEC.

Allen reported that he had been on the site selection team for this project. He asked when a decision was expected from the DOE on a recent grant application. Batten reported that the project should be contracted by September 30. She added that additional funding of \$425,000 must be obtained prior to the DOE making a decision. She noted that there has been competition with California on this project, and that receipt of this grant is critical. She added that if the grant is not awarded, the project would be on hold for the near future. Allen asked about the timeline for testing if the grant is awarded, and Batten noted that it is possible that the project could be in operation in 2019 or 2020. Batten stated that she will do everything possible to secure the remainder of the needed funding.

From the Regional Airport Review Task Force, Final Report Recommendations Related to the Newport Municipal Airport. Hawker introduced the agenda item. Nebel reported that on July 24, 2014, Council approved Resolution No. 3689 establishing a Regional Airport Review Task Force. He stated that Council delayed the appointment of Task Force members until 2015 with the first meeting being held on July 28, 2015. He noted that over the next eight months, the Task Force met six times as a group and worked individually on various aspects of the report. He added that the final meeting of the Task Force was held on February 17, 2016. He stated that the work of the Task Force was broken down into six categories including commercial air service, governance, finance, marketing, land use issues, and emergency services with a total of 27 recommendations for the City Council, Airport Committee, and the Airport Master

Plan Planning Advisory Committee. He stated that Busby was elected Chair of the Task Force, will provide additional comments regarding the work of the Task Force.

Nebel reported that once presented to the City Council, the Council can share the report with the Airport Committee and the Airport Master Plan Planning Advisory Committee to initiate an action plan for following through with the recommendations outlined in the report. He stated that this is an opportune time to have the report issued since the city is currently engaged with WH Pacific on completing a new Master Plan for the airport. He noted that it is the hope that many of these recommendations will fall within the realm of that process. He added that for items not related to the airport master plan, he will provide a follow-up report for Council and the Airport Committee outlining those items that will need to be addressed outside of this process.

Nebel reported that he greatly appreciated the time invested by the members of the Regional Airport Review Task Force which included Mayor A.J. Mattila, Depoe Bay; Mayor Don Williams, Lincoln City; Mayor Sandy Roumagoux, Newport; Former Mayor of Toledo and Airport Committee Member Ralph Grutzmacher; County Commissioner Doug Hunt; General Manager of the Port Kevin Greenwood; John Lavrakas representing economic development interests; Lorna Davis of the Greater Newport Chamber of Commerce; Susan Painter representing the Airport Committee; Council Busby; Jamie Rand and Mark Fisher serving as at-large members of the Task Force. He stated that the group did an excellent job in taking their charge very seriously, and he believes that the Task Force has developed sound recommendations for Council consideration.

Allen asked whether a more permanent administrative structure meant increasing staff or making current employees more permanent. Nebel noted that it is important to him that an administrative structure is in place. He added that the city is not in a position where it can substantially expand staff. He noted that he has not had sufficient time to develop thoughts on this, but suggested that this may be something that can be worked on with Tony Hann, one of the proposers, from services standpoint. Allen asked what the timing is for a more permanent structure. Nebel noted that he would like to incorporate the revised structure into the budgeting process.

MOTION was made by Sawyer, seconded by Saelens, to accept the February 17, 2016 report regarding recommendations on the future operations and development of the Newport Municipal Airport and further convey copies of this report to the Airport Committee and the Airport Master Plan Planning Advisory Committee for their review, consideration, and action. The motion carried unanimously in a voice vote.

From the Airport Committee - Recommendations on the Airport Operations RFP.

Hawker introduced the agenda item. Nebel reported on the possibility of using a private contractor for the operation of the airport and the fixed base operations. He stated that in February 2015, the Airport Committee, with the consent of Council, had issued Expressions of Interest for the operation of the airport. He noted that at that time, three firms submitted Expressions of Interest indicating interest in submitting a proposal for the operation of the airport. He added that based on this level of interest, the Airport Committee recommended, and Council concurred, that an RFP should be developed to give private operators an opportunity to bid on the operation of the airport. He stated that beginning in the summer of 2015, the Airport Committee initiated review and revisions for an RFP for the operation of the airport. He added that the proposals were structured

with the operator keeping the revenues obtained from the operation of the airport and being responsible for the expenses of the airport. He noted that this put the risk/benefit onto the contractor who would be successful in receiving a contract to operate the airport. He stated that the RFP was issued with the response deadline of January 6, 2016. He noted that on January 6, the city received three proposals for the operation of the airport from the following companies:

1. ABS Aviation, submitter Michael A. Hodges, Tampa, Florida ;
2. Aviation Career Services, submitter Eric L. Mercado, Chicago, Illinois;
3. Infinite Air Center, Tony Hann, Albany.

Nebel reported that the three proposals, and the RFP, can be found in the Airport Committee Agenda Packet for February 9, 2016.

Nebel reported that the bids received from ABS Aviation and Aviation Career Services departed substantially from requirements of the RFP, placing the risk/benefit of operating the airport back on the city. He stated that the proposal that most closely met the original intent of the RFP was from Infinite Air Center.

Nebel reported that one of the stated objectives in the RFP was the reduction and/or elimination of the subsidy from the city's General Fund over a three to five-year period for airport operations. He noted that the packet contains an evaluation of what the city's revenues and expenditures would be with each of the three proposals. He added that utilizing the 2015/2016 budget as a base, the proposals would cost the city more than what is projected in the 2015/2016 budget with city operations. He stated that the increase in cost ranged from \$62,448 to \$240,769 over the cost of current city operations.

Nebel reported that the other objectives of the RFP were to maximize reinvestment in public infrastructure, expand the commercial use of the airport, continue to exercise quality customer service, and facilitate local economic development by positioning the airport in surrounding property to be ready for development. He stated that while the firms submitting the proposals would bring a certain level of value to the airport and could increase services at the airport, it was the Airport Committee's unanimous recommendation to Council that the three proposals be rejected. He added that there was discussion from the Airport Committee that it was a very significant benefit to go through the RFP process to determine whether the airport could be operated much more economically through a contractor arrangement. He stated that based on the proposals received, operating the airport with a private operator would not save the city money. He added that the unanswered question is whether a private operator would be able to substantially increase activity at the airport, and this remains an unknown.

Nebel reported that since the time of his predecessor, the airport has been operated with temporary staffing and with a temporary structure. He stated that he would like to work with the Airport Committee to determine a more permanent administrative structure and staffing for the operation of the airport as a continued department of the city, based on the city's inability to find a cost effective contractor for operation of the airport. He expressed his appreciation to Lance Vanderbeck and John Matherly who have done an excellent job of keeping the airport going in a positive direction during the discussions of privatization. He noted that throughout this time, both of these people have been professional and matter-of-fact regarding the potential impact on their jobs should the

city choose to go forward with a private contractor. He stated that as part of the 2016/2017 budget, it is his intent to lay out an administrative structure for the airport going forward.

MOTION was made by Busby, seconded by Engler, to concur with the Airport Committee recommendation to reject the three proposals for the operation of the airport and direct the City Manager to work with the Airport Committee to develop a permanent administrative structure for the operation of the Newport Municipal Airport. The motion carried unanimously in a voice vote.

From the Destination Newport Committee - Recommendation to Approve a Tourism Marketing Grant for the Coast Hills Classic Mountain Bike Race. Hawker introduced the agenda item. Nebel reported that the Coast Hills Classic Mountain Bike Race will take place on May 14, 2016. He stated that the Destination Newport Committee is recommending that Council approve the requested amount of \$3,000 for the Newport Parks and Recreation Department to promote the 2016 Coast Hills Classic Mountain Bike Race. He noted that this will be the last year of eligibility for this event.

MOTION was made by Sawyer, seconded by Saelens, to approve a tourism marketing grant, submitted by the City of Newport Parks and Recreation Department, for assistance with marketing and advertising for the of the 2016 Coast Hills Classic Mountain Bike Race, in the amount of \$3,000. The motion carried unanimously in a voice vote.

From the Destination Newport Committee - Recommendation to Approve a Tourism Marketing Grant for the Oregon Coast Aquarium 5K. Hawker introduced the agenda item. Nebel reported that the Oregon Coast Aquarium 5K will take place on April 23, 2016 at the Aquarium. He stated that the Destination Newport Committee is recommending that \$3,500 be awarded to the Oregon Coast Aquarium to offset marketing cost to bring individuals in from outside the Newport area. He noted that this is the second year that this grant has been approved for this event which was formerly called Flippers, Feathers, and Fins 5K.

MOTION was made by Sawyer, seconded by Saelens, to approve the tourism marketing grant request, from the Oregon Coast Aquarium, for assistance with marketing and advertising for the of the 2016 Oregon Coast Aquarium 5K, in the amount of \$3,500. The motion carried unanimously in a voice vote.

From the City Manager Salary Work Group - Report and Possible Action on City Manager Salary. Hawker introduced the agenda item. Roumagoux read the following letter, that she had written to the City Council, into the record: "Re: Salary Adjustment for City Manager, Spencer Nebel. On Monday December 7, 2015, the City Council in Executive Session, received a report on the performance evaluation of City Manager, Spencer Nebel. The Council indicated that they were most pleased with the City Manager's performance during his third year as an employee with the City of Newport. At the regularly scheduled City Council meeting on February 1, 2016, there was a report on the 2015 evaluation of the city manager. There was no adjustment in salary for City Manager Spencer Nebel's first two years of employment except for cost of living increases. A work group consisting of Councilor Busby, Council President Saelens, and me met to review the compensation for the City Manager. The work group from the City

Council reviewed compensation structures used in other cities for the City Manager position. The attached City Manager's Compensation Study spreadsheet completed February 23, 2016 lists the cities surveyed. In addition, Spencer Nebel's stellar evaluations from the City Council were factored in. Spencer Nebel's expertise as city manager has resulted in a superior job performance. I am recommending that the City Council approve a salary of \$125,500.00 retroactive to January 1, 2016. An amendment to the City Manager's employment contract with the new amount is attached."

Allen noted that the initial agreement was for an annual salary of \$115,000, and that there have been two cost-of-living increases since then, so the annual salary is now \$119,646. Sawyer recommended making any salary increase effective July 1, 2015.

MOTION was made by Allen, seconded by Engler, to accept the recommendation to increase the City Manager, Spencer Nebel's salary to \$125,000 annually, retroactive to January 1, 2016, and authorize the Mayor to sign Amendment No. 1 to the employment agreement with Spencer Nebel on behalf of the City Council. The motion carried unanimously in a voice vote.

CITY MANAGER'S REPORT

Consideration and Possible Adoption of Resolution Nos. 3741 and 3742 Approving Clean Water State Revolving Fund Loan Agreements. Hawker introduced the agenda item. Nebel reported that at the February 1 Council meeting, Council approved a motion authorizing the CWSRF Loan Agreement No R68935 with the Oregon Department of Environmental Quality for the Bay/Moore Basin Storm Sewer Improvements; the Sam Moore Creek Bio-Retention Facility; and the Big Creek Fish Passage Mitigation in the amount of \$4,128,454 and authorized the Mayor to execute that agreement.

Nebel reported that in addition, Council approved a motion authorizing a CWSRF Loan Agreement R68934 with the Oregon Department of Environmental Quality for the Nye Beach Pump Station Grinder and sanitary sewer pipe replacement to address infiltration issues in the amount of \$1,115,000 with the Mayor being authorized to execute agreement.

Nebel reported that both of these loans carry a favorable one percent interest rate for the life of the loan. He stated that since these funds are distributed on a reimbursement basis, the city is only charged interest on funds that are actually dispersed and the repayment of the loan is not required to begin until six months after the project is completed. He noted that in preparing the submission for these loans, it was discovered that staff did not have Council approve these actions by resolution. He requested that Council approve Resolution Nos. 3741 and 3742 to confirm the actions taken at the February 1 Council meeting.

Nebel reported that Rich has prepared letters for both loans required for legal review of the bond issuance, and these letters have been included in the packet.

MOTION was made by Engler, seconded by Sawyer, to adopt Resolution No. 3741, a resolution approving a CWSRF Loan Agreement for the Nye Beach Grinder and various wastewater improvement to address inflow and infiltration, and authorizing the Mayor to execute the agreement No. R68934 with the Oregon Department of Environmental Quality. The motion carried unanimously in a voice vote.

MOTION was made by Engler, seconded to Sawyer, to adopt Resolution No. 3742, a resolution approving a CWSRF Loan Agreement for the Bay/Moore Basin Storm Sewer Improvements, the Sam Moore Creek Bio-Retention Facility, and the Big Creek Fish Passage Mitigation, and authorizing the Mayor to execute the agreement No. R68935 with the Oregon Department of Environmental Quality. The motion carried unanimously in a voice vote.

Possible Action Regarding the Location of the 2016 Farmer's Market. Hawker introduced the agenda item. Nebel reported that the Farmer's Market has operated at various locations in the city over the years. He stated that the Market brings in a significant amount of people to purchase fresh foods, art, and crafts produced in the region. He added that for a number of years, the Farmer's Market was held on SW Angle Street immediately south of City Hall and on the grounds of City Hall. He noted that in 2015, the Market was shifted to the west side of US 101 to Angle/Second Streets running between US 101 and Nye Street. He stated that while there was some resistance from the Farmer's Market to making this move, the site proved to be a good site from the Farmer's Market perspective. He noted that through the course of the Saturday events, the city received a number of complaints from business owners in the immediate proximity of the Farmer's Market primarily due to problems with parking and congestion that impacted their businesses on Saturdays. He added that in order to try to address those issues, the city assisted the Farmer's Market with parking signage and required the Market man the parking lot at Big 5 and the Antique Mall in order to ensure adequate parking for the customers of those businesses. He stated that the city was a recipient of complaints throughout the Market season indicating that the Market had a negative impact on the Antique Mall. He added that Newport Pawn also indicated that they experienced a significant reduction in sales during the Market hours and had difficulty accessing the back of their store during Market hours. He noted that on February 7, 2016, strip mall owner, Bret Fox, indicated that the Market was disruptive for the businesses that are housed in the strip mall he has developed. He stated that this particularly affected the Antique Mall and Big 5, but he indicated that he had complaints through the season from Napa, the Dollar Store, and others. He added that Fox indicated that he pays significant property taxes for the mall, and that the Market is having a negative impact on his property. He noted that Peggy Sabanskas indicated that she pays significant rent for her business to be located at its current location, and she does not believe it is fair to the businesses paying substantial leases and property taxes to be negatively impacted by the Farmer's Market which pays no fees or taxes to the city. He stated that Fox indicated that the Market should be moved west, perhaps on Nye Street between Second and Olive Streets. He noted that Fox indicated that he would participate financially in signage for the Market if it were moved to the west of its current location.

Nebel reported that the city has had a number of conversations with County Counsel, Wayne Belmont, regarding other options for the Market in the same general area. He stated that the use of Nye Street is problematic from the county jail standpoint, as well as from the US Post Office standpoint, since all of their vehicles that utilize the back parking lot are required to use Nye Street. He noted that Belmont offered the Fairgrounds on a year-round basis, for the Farmer's Market, as an alternative. He added that there would be an effort to tie in the county fair the Farmer's Market on that day

when both events are going on at the same time. He stated that the Market representatives were concerned about trying to operate the Market in the grassy area of the fairgrounds since many of their customers are older and require an even surface to walk on. He noted that there was an inquiry about the use of NE Harney Street between NE Third and Seventh Streets for the Market, so this could be a possibility. He added that since the February 7 meeting, the Market has looked at two alternative locations. He stated that the first location would be utilizing SW Lee Street from US 101 to Seventh Street and Seventh Street up to the bank exit driveway. He noted that Market personnel have spoken to various property owners regarding this option and have not received any objections from the owners that would be impacted by the closure. He added that this concept was circulated to city staff and from a Police, Fire, and Public Works standpoint, there was concern about closing SW Seventh Street which serves as a secondary route for local drivers avoiding the US 101 corridor. He stated that emergency vehicles use this route regularly.

Nebel reported that this information was shared with the Farmer's Market which then explored a third option of closing SW Second Street between Nye Street and Lee Street as well as Lee Street between SW Second and Seventh, and then utilizing the private parking lot located just to the south between Seventh and SW Second Streets. He stated that he discussed this with the Post Office which indicated that it would not object to the closure of SW Second Street at this location. He noted that the Farmer's Market had talked with the other property owners that would be impacted by this closure, but on further review by the Farmers Market Board of Directors, it was determined that this location would not be feasible due to the disconnected segments and some of the slopes that costumers of the Market would need to navigate at this location. He added that the Market indicated to him that the only two viable options they see are the 2015 location or the alternate of closing Seventh Street and utilizing Lee Street from US 101 to Second Street.

Nebel reported that at a staff level, it was suggested to the Farmer's Market the option of Lee Street between and east of US 101 and SW Ninth Street plus utilizing the parking lot off of Lee Street owned by Western Title. He stated that the Market looked at this option but there are a couple of businesses that front Lee Street that could be seriously impacted by this configuration. He added that it places available parking at a greater distance from the Market than what would be available with the other two options.

Nebel reviewed potential Market locations and potential issues related to those sites. He stated that Mary Young, President of the Board of Directors of the Lincoln County Small Farmers Association, indicated that the only two options that would really work for the Market, that are in the City Center area, would either be Angle/Second Streets which was utilized in 2015, or Lee Street with the closure of Seventh Street from US 101 west to Second Street.

Nebel recommended the Council consider the use of Lee Street with the closure of Seventh Street as the best option to minimize conflicts with existing businesses and to provide a reasonable location for the Farmer's Market in the City Center area. He stated that while this location would create some traffic issues on Saturday mornings, he believes that individuals and vehicles will be able to reroute themselves around this closure at this location. He added that he understands the impact that the closure of Seventh Street would have to local traffic on Saturday mornings, and stated that it is his

opinion that this is less of a concern than the complaints from business owners that the Farmer's Market is creating an economic hardship on businesses in the immediate vicinity of US 101 and Second Street.

Roumagoux read the names of individuals submitting letters into the record. She noted that several people have requested to speak.

Ulrike Bremer urged City Council support of the Farmer's Market in its 2015 location.

Nanci Courtney stated that she works at the Farmer's Market, and that it serves as a community center. She noted that locals and tourists love the Market; it is a part of people's incomes; helps maintain the lands as agricultural; and that the merchants are usually happy due to the extra traffic caused by the proximity to US 101.

Angela Wartes-Kahl, reported that she is an organic farmer outside of Alsea, and serves on the Board as an ex-officio member. She stated that more organic and local food is better. She noted that the Market has a positive economic impact on this community, and suggested that the greater good overwhelms a very small inconvenience.

David Ogden Stiers submitted a Ford Foundation study, and information from Wikipedia regarding farmer's markets. He stated that he hopes the Council decision is equitable in favoring the Farmer's Market and the people who find it a need, rather than a community decoration.

Larry Tapenen, representing the OSU Extension Master Gardeners, reported that the group has been active in the Market for a long time. He noted that this activity meets the visibility aspect for educational efforts in the community.

John Eveland, owner of Gathering Together Farm, cited statistics regarding attendees at farmer's markets, concluding that 55% of the attendees are there via word of mouth; another 25% are there because they drove by and saw the market; and of that 25%, 10% of those customers are new. He stated that people driving by will not attend if the Market is off of US 101.

Kurt Gehlken, Vice-President of the Farmer's Market, reported that this is the Market's 38th year of operation. He stated that last year's location was the best and safest location ever, and accessible for every customer. He noted that he has heard business owners speak about the Farmer's Market, and stated that the Market and its vendors pay taxes on homes and businesses that they own and operate in the area. He noted that the Market tried to resolve issues from the past year, and that funding for a parking lot monitor is included in the Market budget, along with temporary fencing. He asked that the Market be allowed to operate at last year's location as it is the safest in the city.

Anja Chaves stated that she had been a Market vendor for the last 15 years, and that she supports four children through her work at the Market. She noted that farmer's markets are a big movement in other communities, and they are educational, entertaining, and informal. She added that all vendors support tradition by showing that farming is a way to live. She stated that the Market supports other businesses through referrals.

Allen asked Eveland if he recognizes a loss in business when the Market moves to its winter facility. Eveland reported that he loses approximately half his business at the winter location. He stated that to make the Market vibrant, it is necessary to attract people driving by and new customers. Allen asked whether signage would attract people to a less visible Market location. Eveland reported that good signage would point

someone in the right direction. He added that the Market places flower and vegetable displays on US 101 which he believes is far more persuasive than signage.

Anja Chaves reported that a survey was conducted in 2006 or 2007, when the Market was located at the Armory, regarding how customers found the Market. She stated that the majority response was that customers found the Market due to its visibility from US 101.

A discussion ensued regarding access to the Bank of the West. Nebel reported that Market representatives had communicated with the bank, and that as long as access to the ATM and night deposit area is available, there should not be a problem.

Engler noted that the Farmer's Market is important, and it is critical to find a parking solution for the City Hall campus. She noted that this could be one of the goals of the parking study.

Nebel reported that there are a number of opportunities that may open up in 2017 on the opposite side of US 101.

Busby reiterated that everyone wants the Farmer's Market to be successful.

Allen noted that on the displayed map, the blue area is Nebel's recommendation for the Farmer's Market location while the yellow area is the location preference of the Farmer's Market. He asked whether, during the last Market season, there was still a lot of parking available in the county parking lot. Gehlken reported that the issue was in educating people on where to park. He noted that a parking attendant was hired, and as the year progressed, more people learned to park in the county lot. Allen noted that the options presented are only for this year. He asked Gehlken whether, if Council approved the Market location in the yellow area, and parking issues arose, would the Market be willing to move to the blue area. Gehlken reported that during the course of last summer's Market, the Antique Mall used a part of its parking lot for a flea market. He reiterated that customers became better educated as the season progressed.

Saelens noted that he appreciates the Farmer's Market, and was glad that Allen had suggested a compromise. He suggested the possibility of extending the blue area to US 101.

Sawyer noted that his preference is that the Market be located in one location.

Allen stated that certainty is good, but that over the course of the past year, he has heard several concerns expressed during work sessions, and he is trying to reach a compromise. He asked whether there is a middle ground that can address both perspectives. He asked whether the Market could move to the blue area for the remainder of the season if the yellow area became problematic during the season. He acknowledged the importance of the Farmer's Market and the concerns of business owners. Gehlken stated that he understands the predicament. He added that the Market tried to find alternate locations, and although it prefers the yellow area, it would utilize the blue area if the city denied use of the yellow area. He reiterated that a location needs to be determined and used throughout the season.

Nebel asked about the primary problems with the blue area. Gehlken stated that the street is rough in areas; access from the county lot involves crossing a street; disabled parking spaces would have to be established on the east side of 7th Street; and that there could be other factors that affect neighboring businesses.

Kelly Greer, Market Manager, expressed concern regarding logistics, safety, ADA compliance, installation of temporary disabled parking spaces, and the lack of painted crosswalks across 2nd Street. He noted that the Lee Street location would require

significant additional signage. He added that he is concerned that motorists would turn into the Market location when driving down the 2nd Street hill. Busby noted that the yellow area has a great crosswalk. Allen stated that he recognizes the ADA issue, and asked whether there would be an ADA issue with the blue area. Nebel noted that the city has not reviewed the areas for ADA compliance. Allen asked whether the ADA issue could be addressed in the blue area.

Thomas Leaton, owner of Sitka Springs Farm, expressed concerns regarding safety in the blue area, particularly when the Market is closing at the end of the day.

Judy McNeil stated that there is not a marked crosswalk on Lee Street.

Jerilynn Wooley reported that if the Market is located in the blue area, it will not be providing a parking monitor at the Antique Mall.

Peggy Sabanskas, owner of the Antique Mall, stated that her issue is with the city and its commitment to businesses. She reported that Antique Mall vendors did utilize the flea market as they were losing money inside the Mall on Market days. She noted that there were two motor vehicle accidents at this location due to the sharp right turn into the parking lot. She stated that the Goodwill truck is concerned about cars entering and exiting the parking lot which causes difficulty in loading and unloading. She asked what other businesses would want the Market in their "back yard."

Allen noted that a promise was made by Gehlken that the Market would have a more responsible parking attendant if it was in the yellow area. He asked Sabanskas whether she thought that a more responsible parking attendant would be effective. Sabanskas indicated that she did not believe it would be effective due to the bend getting into her parking lot.

Busby asked whether Sabanskas was prepared to produce Market signs if the Market moved to the blue area. Sabanskas reported that she is prepared to produce signage, and that signage could also be placed on the side of the pawn shop building. Busby asked whether, due to the proximity of the Antique Mall parking lot to the blue area, she believed that Market customers would continue to utilize her parking lot. Sabanskas reported that when the Market was across the street, at City Hall, there was not a problem. She also indicated that Bret Fox, owner of the mall, is considering building a restaurant at that location this year.

Engler reported that the kick-off of the parking study is tomorrow evening, and that she would try to get the Farmer's Market parking issue on the study agenda. She stated that the letter from Market's board of directors summarizes the chain of events and the new measures they are willing to take related to the 2016 Market. She added that it is imperative to move forward, and noted that pushing the Market off US 101 goes against the greater good. She noted that other factors could be affecting area businesses. She stated that the Market fulfills the city's mission. She added that the Market and area businesses need to work together to take advantage of foot traffic. She noted that this matter needs to be dealt with immediately, and staff should be directed to issue a permit for the 2016 Market location at the same location as the 2015 Market.

Allen asked Nebel whether his recommendation had changed after hearing comments made at this meeting. Spencer stated that the Market is important to the community, but that due to complaints regarding the 2015 location, he was seeking an alternative to keep the Market in the city center area. He noted that giving a special right to close a public right-of-way is a significant decision. He added that the blue area is still his recommendation.

Allen noted that this location is for only one year. He added that if the yellow area is used, and the same concerns are heard at the beginning of the season, it would still need to remain at the yellow location. Nebel stated that the steps that were taken during the 2015 Market season were the best that could be taken to address the concerns of the business owners. He noted that on Market Saturdays, US 101 is congested, and he is unsure whether there is more that can be done. He added that if the yellow location is Council's decision, the same measures that were utilized last year would be implemented this year. He stated that many signs were produced directing people to the county parking lot, but there was still a parking concern.

Allen asked whether the ADA issue could be addressed in the blue area. Rich reported that he has not been on the site and did not know what could be done to bring it into compliance.

Ray Winward, a former Market vendor and current consumer, suggested that the business owners hire a parking monitor with the requirement that the Market pay for the monitor.

Sawyer asked whether there were specific costs to the Police Department other than volunteers. Nebel noted that there were no costs to the Police Department in the last few years.

Allen asked Sabanskas whether it would work for the business owners to hire a parking monitor that is paid for by the Market. Sabanskas stated that this would be better than nothing, but that she did not think it would work.

Maggie White, former Market vendor, stated that the blue area would be a fiasco for pedestrians. She added that it is sad that it is all about the business owners in the mall. She noted that all vendors are business owners who pay taxes.

Allen stated that he could support the yellow area with the option that the private business owner hires a parking attendant with reimbursement to the private property owner by the Farmer's Market.

Busby stated that Council should review the situation.

Sawyer recommended that the parking attendant wear a uniform. Gehlken reported that the Market had talked with TCB Security about monitoring the parking lot.

MOTION was made by Busby, seconded by Engler, to approve the yellow area, as defined on the map, for the Farmer's Market, for the coming year, with the stipulation that the Farmer's Market reimburse the cost of a uniformed guard to those merchants who occupy the property to the north, and that the City Council review the situation at its second meeting in June. The motion carried unanimously in a voice vote.

Report on Workforce and Affordable Housing Strategies. Hawker introduced the agenda item. Nebel reported that at the February 23 goal setting session, time was spent discussing specific strategies to encourage the development of workforce housing and affordable housing in and around the city. He stated that at the goal setting session, a number of concepts were discussed, and the Council then determining whether a majority consensus existed for each of the concepts discussed. He noted that Tokos' report outlines the concepts that Council supported as a strategy for dealing with affordable and workforce housing issues in the city. He stated that staff combined a couple of issues that were brought up at the goal setting session, including participating in regional forums with regional partner agencies such as is proposed by the Economic Development Alliance of Lincoln County with a workforce housing forum in Newport

scheduled for April 5. He stated that staff also expanded the potential opportunities to use city-owned properties to incentivize housing on a land banking/donation or sale basis. He noted that this would keep a broad range of options available regarding the use of city property.

Nebel reported that Council has had extensive discussions regarding the city's relationship with the Lincoln Community Land Trust particularly related to the handling of the potential development of city property located adjacent to Don Davis Park. He stated that in this case, the Trust had issued proposals for the potential development of the city-owned site without specific Council approval or notification of their desire to consider the development of that property. He added that this matter was compounded further when inquiries were made by Councilors and information was not shared in a transparent manner to the Council by the Trust. He noted that in a January 29 communication to Council from Trust President Bill Hall, the Lincoln Community Land Trust acknowledged its failings in acting transparently

Nebel reported that as a result of discussions between the city and Trust, the Trust is now providing monthly meeting packets to Council, and have agreed to a multi-step process to provide transparency in consideration of any other city properties for workforce housing projects prior to proceeding with any specific proposals. He stated that the Trust has invited both the Cities of Newport and Lincoln City to designate one of its members as an ex-officio board member to act as a liaison between the cities and the Trust. He noted that any Councilors are welcome to attend any meeting of the Trust.

Nebel reported that in evaluating the situation on behalf of the city, he believes that there are several reasons why the city should continue its commitment with the Trust. He stated that he believes that Proud Ground, as contractor for the Trust, has an opportunity to meaningfully address workforce housing in Lincoln County as they have done in the City of Portland. He noted that it is important to remember that the Trust has not had professional support to carry out its initiatives up until their recent agreement with Proud Ground. He noted that he believes that affordable/workforce housing issues are only going to be addressed with collaborations such as the city currently shares with Lincoln City and Lincoln County. He stated that he also believes that there may be opportunities to collaborate with other organizations in an effort to try to address this significant issue. He noted that it is important for the city to maintain its commitment to intergovernmental agreements that it enters into unless significant problems with that relationship exist and go uncorrected. He added that he believes that the Trust has made a good faith effort to address the serious concerns that the city shared with the Trust regarding the operational methods of that organization. He stated that it is important that when the city enters into this type of commitment that the city be viewed as a trusted and reliable partner to the end of that commitment. He recommended that the city actively participate with the Trust for remaining year and a half of the memorandum of understanding. He noted that the packet contains communications outlining the Trust's commitment to address the concerns that Council shared regarding the ongoing relationship with the memorandum of understanding.

Engler stated that this subject needs more discussion than what could occur this evening. She noted that there are different approaches to housing solutions.

Allen asked Engler what more she thinks Council can do to more fully evaluate the ten identified options. Engler reported that she believes that the April 5 Housing Forum

may be of value, and suggested a possible collaboration with the Willamette Valley Housing Services.

Nebel reported that there is nothing critical about acting on this issue tonight.

Saelens agreed with waiting to discuss the issue until after the April 5 Housing Forum.

Sawyer stated that the city needs more partners. He suggested utilizing realtors. He agreed to delay the issue to determine what more can be brought to the table.

Busby agreed that the issue should be postponed.

It was the consensus of Council that this item be postponed until the April 18, 2016 Council meeting.

A discussion ensued regarding whether the memorandum of understanding with the Trust is a binding agreement and whether the city can, from a legal standpoint, leave the agreement at any time. It was asked whether the Trust was relying on the funding from the city. Nebel noted that the other point is the city entering into agreements with other entities. He stated that the city has a responsibility to follow through with its commitments, and that a change of mind, in mid-course, would be problematic.

Rich reported that the city can walk away from the agreement, but that these are public partners, and he questioned the damage that could be done by exiting the agreement at this time.

Busby noted that this is a loose agreement, and the city is not legally obligated. He stated that it is the city's right to recognize the contractor's failure to perform to the city's satisfaction. He added that if this was a contract, it would contain a performance clause. He noted that the contractor has not performed, and recommended that the MOU be revised, or a contract written, to contain a performance clause where the city gets something for its money. He suggested that this occur prior to paying additional monies, or offering suitable land for construction.

Saelens asked what Council would think about considering the current year as "water under the bridge."

Allen asked how much money the other jurisdictions have contributed since July 1, 2015, and how much money that Proud Ground has expended during the first six months of this fiscal year.

Rich noted that there are two other public partners, and suggested that the city is obligated to pay \$30,000.

Engler noted that there are a lot of things about the LCLT that are unclear, including the mixing of roles. She stated that the Trust has not produced anything and is wasting taxpayer dollars. She added that she is not in favor of donating land to the Trust, and that she does not favor the proposed model of buying a house without property. She noted that Habitat for Humanity has its clients testify at public meetings, and that she has not heard testimony from clients of the Trust. She stated that this is a waste of taxpayer money, and it would reflect well on the city if it pulled out of the agreement.

Saelens suggested a compromise of paying the \$30,000 this year, and discussing next year's financial commitment at another date.

Nebel stated that Proud Ground has only been engaged for a short period of time. He noted that a question that deserves a response is where the Trust is going with Proud Ground, and if the city stays with the program, what can it expect to get. He added that the other challenge with housing is that with the high cost of land and

development, it will likely require a series of partnerships to make a meaningful difference.

Roumagoux stated that it is important for the city to maintain its relationships. Saelens agreed with Roumagoux.

Allen reported that after the trust issues with the LCLT, there has been an effort, by the Trust, to be more transparent. He stated that in all fairness regarding expenditures, he is not inclined to agree to pay the entire \$30,000, but would agree with Rich' suggestion to pay at least a third of what has been expended this fiscal year.

Sawyer agreed with Allen. He suggested this item be tabled until after the upcoming Housing Forum.

Allen stated that the city needs to let the Trust know something so that the city does not have to continue making payments.

Busby stated that he does not believe the city is under a legal obligation to pay from the time it passed the motion. He noted that it is interesting that if there is a terrible housing shortage, no employers have paid anything toward a solution. He asked whether this is the best use of \$30,000 of city money. He suggested a housing stipend for new city employees, and reiterated that the city has no obligation to continue with this agreement.

Allen stated that Council previously voted to withhold money several meetings ago. He added that this was notification to the Trust, so there is no need for further action this evening. He noted that this can be discussed after information has been provided regarding what the Trust has spent, to date, this fiscal year.

Schedule a Public Hearing on City Council Goals for the 2016/2017 Fiscal Year.

Hawker introduced the agenda item. Nebel reported that on February 23, the Council met to hear reports from city departments on departmental goals, and to identify Council goals for this next fiscal year. He stated that in addition, with the Council's direction to conduct a long-term community visioning project during the 2016/2017 Fiscal Year, the goal setting process will see some significant changes in future years. He added that it is his hope and expectation that the visioning process will develop a framework for the Council to consider adopting longer-term goals that would be tied to various aspects of the overall vision that will be ultimately developed for the greater Newport area.

Nebel reported that the Council goals include the status of the 2015/2016 Council goals indicating whether they are either ongoing, completed, or dropped, and that these are followed by the draft 2016/2017 Council goals which were established at the work session on February 23. He stated that throughout the course of the day, many different ideas and concepts were written down by Council as part of the overall presentations from departments, reviewing previous planning efforts, and including issues of importance to Councilors. He noted that these items were categorized and prioritized by Council. He added that items prioritized by three or more Councilors have been included in this report contained in the packet. He stated that there are a number of items that Council has previously committed itself to which are listed by consensus, and these are included to recognize other significant efforts that staff will be working on during the year.

MOTION was made by Engler, seconded by Saelens, that the draft report for the City Council Goals for the 2016/2017 Fiscal Year be accepted, and a public hearing be

scheduled on the goals for the March 21, 2016 City Council meeting. The motion carried unanimously in a voice vote.

LOCAL CONTRACT REVIEW BOARD

The City Council met as the Local Contract Review Board.

Approval to Purchase a 2016 Ford F550 Crew Cab Service Truck for the Water Distribution Division. Hawker introduced the agenda item. Nebel reported that the Public Works Department - Water Distribution Division scheduled the replacement of this vehicle in the current fiscal year budget. He stated that the purchase is being conducted under the state bid program at a cost of \$65,214, less trade-in value, bringing the purchase price to \$56,964. He noted that this vehicle will replace a 2005 Chevrolet 3500 service truck with over 100,000 miles.

MOTION was made by Sawyer, seconded by Saelens, to approve the purchase of a 2016 Ford F550 Crew Cab service truck for the Water Distribution Division of Public Works through the state bid program, in the amount of \$65,214, less trade-in value \$8,250, bringing the total purchase price to \$56,964, and to authorize the City Manager to sign the purchase order on behalf of the City of Newport. The motion carried unanimously in a voice vote.

Approval of Change Order No. 3 with C&M Excavation for the SW Abalone/Brant Street Improvement Project. Hawker introduced the agenda item. Nebel reported that the SW Abalone/Brant Street Project continues to move forward. He stated that Change Order No. 3 addresses additional earth work that was necessary to deal with several design challenges and difficulties associated with historical property line surveys. He noted that the actual location of right-of-way lines required additional cut/fill work with the most significant part of the increase being \$67,919 for additional earth work. He stated that the second largest component of the change order is \$11,060 for rock and erosion matting, with the balance of the work being divided into nine different work change directives for this project. He noted that the total change order is \$101,909 bringing the total contract price up to \$1,667,839.85.

Busby asked whether the costs were due to defective engineering or oversight. Nebel reported that the engineer has paid for some items, and that he would prepare a report for Council. He added that many quantities were underestimated. Busby asked whether this was a legal issue, and Nebel reported that the engineer is cooperating and has acknowledged its mistakes.

MOTION was made by Busby, seconded by Engler, to approve Change Order No. 3 with C&M Excavation and Utilities, LLC., in the amount of \$101,909 for the SW Abalone/Brant Street Improvement Project, and authorize the City Manager to execute the change order on behalf of the City of Newport. The motion carried unanimously in a voice vote.

RETURN TO CITY COUNCIL MEETING

At the conclusion of the Local Contract Review Board meeting, Council returned to its regular meeting.

MAYOR AND COUNCIL COMMENTS

Engler and Sawyer requested excused absences from the meetings of March 21. MOTION was made by Allen, seconded by Saelens, to excuse Engler and Sawyer from the meetings of March 21, 2016. The motion carried unanimously in a voice vote.

Roumagoux suggested that, due to the lateness of the hour, that Mayor and Council comments be held until the next meeting. Council concurred.

ADJOURNMENT

Having no further business, the meeting adjourned at 10:10 P.M.

Margaret M. Hawker, City Recorder

Sandra N. Roumagoux, Mayor